



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 20, 2002

### **S. 1750**

### **Hazmat Endorsement Requirements Act**

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation  
on April 18, 2002*

S. 1750 would authorize the Secretary of Transportation to assess security risks associated with motor carrier transportation of hazardous materials and to research the feasibility of requiring hazardous materials transporters to install security devices. Based on information from the Department of Transportation, CBO estimates that implementing S. 1750 would cost \$2 million over the 2002-2007 period, assuming appropriation of the necessary funds.

In addition, S. 1750 would clarify provisions of the USA PATRIOT Act (Public Law 107-56) that prohibits states from issuing licenses for the transportation of hazardous materials unless the Department of Transportation determines that the applicant does not pose a security risk. S. 1750 would establish specific criteria to judge who may be a security risk and it would define hazardous materials under the USA PATRIOT Act. CBO estimates that these clarifications to current law would have no significant impact on the federal budget.

CBO estimates that implementing S. 1750 would increase revenues and direct spending by less than \$500,000 a year because the act would establish new criminal penalties for obtaining fraudulent commercial driver's licenses. Criminal fines are recorded in the federal budget as governmental receipts (revenues). Criminal fines are then deposited in the Crime Victims Fund and are available to be spent without further appropriation in the following year. Because the bill could affect revenues and direct spending, pay-as-you-go procedures would apply; but CBO expects that any additional receipts and direct spending resulting from this bill would be negligible because of the small number of cases involved.

S. 1750 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The hazardous materials provisions of the USA PATRIOT Act could impose significant costs on states to upgrade their information management systems to track the results of criminal background checks. Based on information from state motor vehicle administrators, initial costs for all states could range from \$25 million to \$60 million, depending on how the final regulations are written by the Department of Transportation. While S. 1750 would provide more detail about how the original USA

PATRIOT Act requirements would be carried out, it would not place any additional requirements on states. Any costs states incur are the result of enactment of the USA PATRIOT Act, not S. 1750.

The CBO staff contacts for this estimate are Julie Middleton (for federal costs), and Susan Sieg Tompkins (for the state and local impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.